Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(f)-56–06 OF 2014 (W)
RICHARD MALANJUM CJ (SABAH AND SARAWAK), ZAINUN ALI, JEFFREY TAN, AZAHAR MOHAMED AND ZAHARAH IBRAHIM FCJJ
8 OCTOBER 2015

Trade Marks — Ownership of rights therein — Dispute — Respondent engaged appellant to make and affix new design on sports attire worn by Malaysian athletes at sports events — Whether appellant could claim common law ownership of design as a trade mark for being first user of it as a mark in course of trade — Whether registration of appellant as owner of trade mark had to be expunged — Whether facts showed respondent was first user of mark in course of trade and generated goodwill in respect of it — Whether respondent's engagement of contract manufacturers to make and affix design on sports attire an act 'in course of trade' — Whether appellant as contract manufacturer carrying out orders of respondent not engaged in trading of goods in such a way connection created by the mark between itself and the goods

Following the selection by the Malaysian Youth and Sports Ministry in 2005 of a 'tiger stripes' design ('the design') as the new motif for attire worn by Malaysian athletes at sports events, the respondent, a statutory body established under the National Sports Council of Malaysia Act 1971, was tasked to put the selection into effect. At first, the respondent appointed a manufacturer named Antioni to produce and supply sports attire bearing the design. Later, it contracted that job to the appellant. About three years after it became the contract manufacturer, the appellant, claiming to be first user of the design as a trademark in the course of trade successfully applied to the registrar of trademarks ('the registrar') to register itself as owner of the trademark. When the respondent later applied to register the design as a trademark under its name, the registrar objected to it on the ground of the appellant's prior registration. The respondent filed an action in the High Court to, inter alia, expunge the appellant's registration as owner of the trademark on the ground of common law traditional passing off. The High Court found for the respondent holding that: (a) it had proved that it was the owner and first user of the design and had earned substantial goodwill and reputation over the design (b) the respondent had adduced evidence to show it had paid the appellant to make the design to be affixed on sports attire and thereby the respondent had used the design as a trademark in the course of trade, and (c) the appellant's trademark was wrongly entered or entered without sufficient cause in the register and had to be expunged. The Court of Appeal ('COA') upheld the High Court's

decision and found that the respondent not only owned the design but was its first user in the course of trade; that the appellant's appointment as a paid contract supplier of garments bearing the design was an act in the course of the respondent's trade and that goodwill had accrued to the respondent even before it had appointed the appellant as the contract manufacturer. In its instant appeal against the COA's decision, the question of law posed to the Federal Court was whether a claim for common law ownership of a trademark – which entitled the owner to apply for registration under the Trade Marks Act 1976 ('TMA') – depended on who had designed the mark or who was first in time to use it as a trademark in the course of trade. The appellant contended that common law ownership of the mark in the instant case did not belong to the respondent just because it had created or designed the mark but to the appellant for being the first user of it as a trademark in the course of trade. The appellant argued that as the respondent was a non-profit making body not engaged in commercial trading activities, it could not have been the first user of the mark 'in the course of trade' (these words were used to define a trademark under s 3 of the TMA) unlike the appellant which had used the mark in the manufacture, supply and sale of sports attire and had generated goodwill through such business activity. The respondent, however, asserted that since 2005 it had appointed manufacturers to supply sports attire bearing the design and such acts were acts 'in the course of trade'.

Held, dismissing the appeal with costs:

(1) While the creator or designer of an indicator as a trademark or source identifier might well be the copyright owner or registered design owner, that person was not automatically the trademark owner. He might enforce his copyright or industrial design rights but not necessarily trademark rights. There was a clear distinction between the creator of a mark and the user of a mark. Common law ownership of a trademark required the party claiming ownership to show not that it had created or designed the identifier but rather that it was the first user of it as a trademark on goods in the course of its trade. He who first used a trademark owned it under common law and such common law ownership entitled him to file for trademark application as a bona fide applicant pursuant to s 25(1) of the TMA (see paras 37–38 & 47).

(2) The respondent was in fact and in law the first user of the tiger stripes design. It had used the design 'in the course of trade' when it appointed Antioni, and later the appellant, as a contract supplier of goods bearing the design. At all material times, the contractual position of the appellant was that of supplier to the respondent through its appointment to manufacture and produce the tiger stripes design trademark over sports attire ordered by the respondent. The respondent had used the design in its activities since 2005 and it was directly involved in business activity to commercialise the design through its contract suppliers. While the

appellant might have manufactured the goods, and therefore it could very loosely be said that the goods 'originated' from them, this could not equate to bestowing the right as proprietor of the mark on the appellant (see paras 63–65 & 67).

(3) Although the respondent was a non-trading entity, it was plain from a reading of the relevant provisions of the National Sports Council of Malaysia Act 1971 that the respondent was authorised to engage in commercial business incidental to its primary statutory objects; that the respondent did not have to be a 'trading entity' before it could be said that it had used the design 'in the course of trade' (see paras 69 & 71).

(4) The respondent had established goodwill and reputation through sports promotional and advancement activities in the purchase and distribution of sports goods bearing the tiger stripes design to Malaysian athletes when worn during domestic, regional or international sporting events. By using the design in the course of trade, the respondent owned the goodwill generated thereby in relation to it. As early as in 2005, the respondent had acquired goodwill and intended to use the design as a mark in the course of trade, even if there was no evidence of any immediate use. It had enjoyed goodwill and reputation in the sports attire bearing the design even before the appellant applied for registration of the mark (see paras 75 & 78–79).

[Bahasa Malaysia summary

Berikutan pemilihan oleh Kementerian Belia dan Sukan Malaysia pada tahun 2005 berhubung rekaan 'tiger stripes' ('rekaan itu') sebagai motif baru untuk baju yang dipakai oleh atlet-atlet Malaysia di acara-acara sukan, responden, satu badan berkanun yang ditubuh di bawah Akta Majlis Sukan Negara Malaysia 1971, diberi tugas untuk melaksanakan pemilihan itu. Pada mulanya, responden telah melantik pembekal bernama Antioni untuk menghasil dan membekal baju sukan yang mempunyai rekaan itu. Kemudian, ia telah memberi kontrak kerja itu kepada perayu. Lebih kurang tiga tahun selepas ia menjadi pembekal kontrak, perayu, yang mendakwa sebagai pengguna pertama rekaan itu sebagai tanda niaga sepanjang perniagaan berjaya memohon kepada pendaftar tanda niaga ('pendaftar') untuk mendaftar dirinya sebagai pemilik tanda niaga itu. Apabila responden kemudian memohon kepada pendaftar rekaan itu sebagai tanda niaga di bawah namanya, pendaftar membantah atas alasan pendaftaran terdahulu perayu. Responden telah memfailkan tindakan ini di Mahkamah Tinggi kepada, antara lain, mengeluarkan pendaftaran perayu sebagai pemilik tanda niaga atas alasan alasan tradisional common law. Mahkamah Tinggi menyebelahi bagi pihak responden dengan memutuskan bahawa: (a) ia telah membuktikan bahawa ia adalah pemilik dan pengguna pertama rekaan itu dan memperoleh nama baik dan reputasi yang kukuh atas rekaan itu; (b) responden telah mengemukakan keterangan untuk menunjukkan ia telah membayar perayu untuk membuat

rekaan itu untuk dilekatkan pada baju sukan dan dengan itu responden menggunakan rekaan itu sebagai tanda dagangan sepanjang perniagaan; dan (c) tanda niaga perayu telah salah masuk atau dimasukkan tanpa sebab yang mencukupi dalam daftar dan terpaksa dikeluarkan. Mahkamah Rayuan ('MR') mengesahkan keputusan Mahkamah Tinggi dan mendapati bahawa responden bukan sahaja memiliki rekaan itu tetapi merupakan pengguna pertama sepanjang perniagaan; bahawa pelantikan perayu sebagai pembekal kontrak berbayar untuk kain yang mempunyai rekaan itu adalah tindakan sepanjang perniagaan responden dan bahawa nama baik tersebut terakru ke atas responden sebelum ia melantik perayu sebagai pembuat berkontrak lagi. Dalam rayuan ini terhadap keputusan MR, persoalan undang-undang yang dikemukakan kepada Mahkamah Persekutuan adalah sama ada tuntutan untuk pemilikan tanda niaga common law – yang memberi hak pemilik memohon pendaftaran di bawah Akta Cap Dagang 1976 ('ACD') – bergantung kepada siapa yang mereka bentuk tanda itu atau siapa yang pertama kali menggunakannya sebagai tanda niaga sepanjang perniagaan. Perayu berhujah bahawa pemilikan tanda common law dalam kes ini tidak dimiliki oleh responden hanya kerana ia telah mencipta atau rekaan tanda itu tetapi kepada perayu yang merupakan pengguna pertamanya sebagai tanda niaga sepanjang perniagaan. Perayu berhujah bahawa oleh kerana perayu badan bukan membuat keuntungan yang tidak terlibat dalam aktiviti perniagaan komersial, ia tidak mungkin merupakan pengguna pertama tanda itu 'in the course of trade' (perkataan-perkataan tersebut digunakan untuk mentafsir suatu tanda niaga di bawah s 3 ACD) tidak seperti perayu yang menggunakan tanda itu dalam pembuatan, pembekalan dan jualan baju sukan dan telah memperoleh nama baik melalui aktiviti perniagaan sedemikian. Responden, bagaimanapun, menegaskan tindakan sedemikian adalah 'in the course of trade'.

Diputuskan, menolak rayuan dengan kos:

(1) Apabila pencipta atau pereka suatu petanda sebagai tanda niaga atau sumber pengenal mungkin sekalik merupakan pemilik hak cipta atau pemilik rekaan berdaftar, bahawa orang itu bukan automatik pemilik tanda niaga. Dia mungkin menguatkuasakan hak cipta atau hak rekaan perindustriannya tetapi tidak semestinya hak tanda niaga. Wujud perbezaan yang jelas antara pencipta suatu tanda dan pengguna suatu tanda. Pemilikan common law untuk tanda niaga menghendaki pihak yang menuntut pemilikan menunjukkan yang bukan ia mencipta atau mereka bentuk identiti itu tetapi lebih kepada ia adalah pengguna pertamanya sebagai tanda niaga untuk barangan sepanjang perniagaannya. Dia yang menggunakan kali pertama suatu tanda niaga memilikinya di bawah pemilikan common law memberinya hak untuk memfailkan permohonan tanda niaga sebagai pemohon suci hati menurut s 25(1) ACD (lihat perenggan 37–38 dan 47).

(2) Responden pada hakikatnya dan dari segi undang-undang adalah pengguna pertama rekaan belang harimau itu. Ia telah menggunakan rekaan itu 'in the course of trade' apabila ia melantik Antioni, dan kemudian perayu, sebagai pembekal kontrak untuk barangan yang mempunyai rekaan itu. Pada setiap masa matan, kedudukan kontraktual perayu adalah sebagai pembekal kepada responden melalui pelantikannya untuk membuat dan menghasilkan tanda niaga rekaan belang harimau atas baju sukan yang dipesan oleh responden. Responden telah menggunakan rekaan itu dalam aktiviti-aktivitinya sejak 2005 dan ia terlibat secara langsung dalam aktivit perniagaan untuk mengkomersialkan rekaan itu melalui pembekal kontraknya. Apabila perayu mungkin membuat barangan itu, dan oleh itu boleh dikatakan bahawa barangan itu 'originated' daripada mereka, ini tidak boleh disamakan sebagai memberi hak sebagai pemilik tanda ke atas perayu (lihat perenggan 63–65 & 67).

(3) Walaupun responden bukan entiti yang berniaga, adalah jelas daripada pembacaan peruntukan relevan Akta Majlis Sukan Negara Malaysia 1971 bahawa responden diberi kuasa untuk terlibat dalam perniagaan komersial selain tujuan utama statutorinya; bahawa responden tidak perlu menjadi 'trading entity' sebelum ia boleh dikatakan bahawa ia telah menggunakan rekaan itu 'in the course of trade' (lihat perenggan 69 & 71).

(4) Responden telah memperoleh nama baik dan reputasi melalui aktiviti-aktiviti kemajuan dan promosi sukan dalam belian dan pengedaran barangan sukan yang mempunyai rekaan belang harimau kepada atlet-atlet Malaysia apabila dipakai sepanjang acara-acara sukan dalaman, wilayah atau antarabangsa. Dengan menggunakan rekaan sepanjang perniagaan, responden memiliki nama baik yang wujud berkaitannya. Seawal 2005, responden telah memperoleh nama baik dan berniat untuk menggunakan rekaan itu sebagai tanda sepanjang perniagaan, meskipun tiada keterangan berhubung apa-apa penggunaan segera. Ia telah menikmati nama baik dan reputasi dalam baju sukan yang mempunyai rekaan itu sebelum perayu memohon untuk pendaftaran tanda itu lagi (lihat perenggan 75 & 78–79).]

Notes

For a case on dispute on ownership of rights therein, see 12(2) *Mallal's Digest* (5th Ed, 2015) para 2733.

Cases referred to

Al Bassam Trade Mark [1995] RPC 511, CA (refd)
Aristoc Ltd v Rysta Ltd (1944) 62 RPC 65, HL (refd)
British Diabetic Association v Diabetic Society Ltd and Ors [1995] 4 All ER 812, Ch D (refd)

Calamas Sdn Bhd v Pentadbir Tanah Batang Padang [2011] 5 CLJ 125, FC (refd)
Chin Choy & Ors v Collector of Stamp Duties [1979] 1 MLJ 69, FC (refd)
'Dalic' Trade Mark; Sifco Industries Inc v Dalic SA [1998] 2 SLR 231, HC (refd)
Dupont Steels Ltd v Sirs [1980] 1 WLR 142, HL (refd)
Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd [1997] 4 MLJ 360, HC (refd)
Godfrej Sara Lee Ltd v Siah Teong Teck & Anor (No 2) [2007] 7 MLJ 164; [2008] 7 CLJ 24, HC (refd)
Irving's Yeast Vite v Horsenail (1934) 51 RPC 110, HL (refd)
LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 3 CLJ 661, FC (refd)
Ladbroke (Football) Ltd v William Hill (Football) Ltd [1964] 1 All ER 465, HL (refd)
Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7, CA (refd)
McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation [2009] 3 MLJ 774; [2009] 3 CLJ 540, CA (refd)
McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (refd)
North Shore Toy Co Ltd v Charles L Stevenson Ltd [1974] RPC 545, SC (refd)
R v Johnstone [2003] 3 All ER 884, HL (refd)
Radion Trading Sdn Bhd v Sin Besteam Equipment Sdn Bhd & Ors [2010] 9 MLJ 648, HC (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770, SC (refd)
St John Ambulans Malaysia v PJ Uniform Sdn Bhd Civil Suit No 22NCVC-148-02 of 2013 (Unreported), HC (refd)
Syarikat Zamani Hj Tamin Sdn Bhd & Anor v Yong Sze Fun & Anor [2006] 5 MLJ 262, HC (refd)
The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394, HC (refd)
The Commissioner of Inland Revenue v Muller & Co's Margarine Limited [1901] AC 217, HL (refd)
Unidoor Ltd v Marks & Spencer PLC [1988] RPC 275, Ch D (refd)

Legislation referred to

Copyright Act 1987
National Sports Council of Malaysia Act 1971
St John Ambulans (Malaysia) Incorporation Act 1972
Trade Marks Act 1953 ss 3, 4(1)(d), 4(2)(g), 25(1), 45(1)(a), 46(1), (1)(a), 82(1), (2)

Appeal from: Civil Appeal No W-02 (IPCV)(W)-272–01 of 2013 (Court of Appeal, Putrajaya)

SF Wong (CY Loi with him) (Shearn Delamore & Co) for the appellant.
Mahendra Balakrishnan (Adhuna Kamarul Ariffin and Nur Atiqah Samian with him) (Bustaman) for the respondent.

Azahar Mohamed FCJ (delivering judgment of the court):

INTRODUCTION

[1] This is an appeal by the appellant, Mesuma Sports Sdn Bhd ('the defendant in the High Court'), pursuant to leave of this court to appeal against the whole decision of the Court of Appeal that affirmed the judgment of the High Court.

[2] The subject matter of the dispute between Mesuma Sports Sdn Bhd and the respondent, Majlis Sukan Negara Malaysia ('the plaintiff in the High Court') revolved around 'the tiger stripes design' over goods such as sports attire for use by all Malaysian athletes representing the country in various sports events held within the country and beyond. This case concerned the tort of passing off, which is a common law tort that can be used to enforce unregistered trademark rights. To a large extent what is in contention in the present appeal is the common law ownership right to the tiger stripes design as an unregistered trademark in a trademark sense in the course of trade.

[3] We shall be referring to parties in this judgment in the capacity as they were in the High Court, namely the appellant as the defendant and the respondent as the plaintiff.

BACKGROUND FACTS

[4] The plaintiff is a statutory body established under the provisions of the National Sports Council of Malaysia Act 1971 (Act 29). Its main responsibility is the promotion of sports in the country.

[5] The defendant is a private limited company and is in the business of supplying sporting apparels, equipment, accessories and sporting goods generally. It had been a contract supplier of the same to the plaintiff since 1990.

[6] In 2005, the Ministry of Youth and Sports ('the Ministry') with the cooperation of the plaintiff and a company known as 59 icons Sdn Bhd organised a New Jersey Design Competition ('competition') to design a new motif and colour for sports attire to be worn by all Malaysian athletes representing the country in sports events held within the country and internationally. The Ministry reserved its right to claim ownership of all drawings, artwork or concepts submitted by participants in the competition and to use them for any purpose. The tiger stripes design was selected as the winning design of the competition. After final selection, the Ministry on 14 November 2005 officially launched the said design. Subsequently, the Ministry entrusted the plaintiff with all responsibilities over the rights, ownership and management of the tiger stripes design.

[7] What happened next was that all Malaysian athletes who took part in the SEA Games held in Manila, Philippines in 2005 wore the sports attire incorporating the tiger stripes design for the first time. The plaintiff had appointed a manufacturer by the name of Antioni to produce and supply the sports attire bearing the tiger stripes design.

[8] Not long afterwards, the defendant was appointed as contract supplier by the plaintiff to produce sports attire bearing the tiger stripes design to be worn by Malaysian athletes for the 2006 Asian Games in Doha.

[9] It is important to keep in mind that some three years later, on 9 July 2009, the defendant claiming to be the first user of the tiger stripes design as a trademark in the course of trade applied for registration of the design under the Trade Marks Act 1976 ('the Act'), while it was still a supplier of sports goods to the plaintiff.

[10] On 11 February 2011, the tiger stripes design was registered as a trademark by the registrar of trademarks in the name of the defendant as the proprietor in the register for a period of ten years from 9 July 2009 to 9 July 2019 in class 18 and class 25 under the Act and in respect of 'sporting apparels, equipment and accessories and sports clothing' vide Trade Mark No 09011365 and Trade Mark No 09011366, respectively. The defendant admitted that its registered trademark was entirely adapted from the plaintiff's tiger stripes design.

[11] In relation to this, the Court of Appeal observed that whilst the plaintiff had expended time, effort and expense to develop the tiger stripes design, the

defendant had hardly expended any bona fide effort to design it, as the defendant merely copied the design of the plaintiff. Indeed, there was no material difference or distinction between the plaintiff's tiger stripes design and the defendant's trademark. They were just about identical, as the defendant had copied the tiger stripes design of the paintiff.

[12] Going back a little, on or around 15 January 2010, the plaintiff filed for registration under the Act the same tiger stripes design as a trademark. As it turned out, the registrar of trademarks objected to the plaintiff's application on the ground that the defendant had earlier claimed to be the first user of the tiger stripes design as a trademark. The plaintiff's trademark applications remained pending at the time of commencement of the High Court action filed by the plaintiff.

[13] The dispute in the present appeal arose as soon as the plaintiff was made aware of the registration of the tiger stripes design trademark in the name of the defendant. As events unfolded, on or about 13 January 2012, the plaintiff commenced a High Court action against the defendant. The plaintiff asserted the following causes of action, namely, (i) common law traditional passing off (ii) registered design infringement (iii) copyright infringement and (iv) rectification of the defendant's registered Trade Marks No 09011365 (class 18) and No 09011366 (class 25) from the register, which was premised on ss 45(1)(a) and 46(1) of the Act.

[14] It must be noted at this juncture that of the causes of action pleaded, the plaintiff did not pursue its copyright and industrial design infringement claims in the High Court.

[15] In its defence, the defendant, among others, maintained that it was the true legal owner of said trademark registration on the basis that it was the first user of the said tiger stripes design as a trademark on sports attire in the course of trade.

DECISION OF THE HIGH COURT

[16] The High Court found in favour of the plaintiff. The High Court held that the plaintiff was entitled to rightful proprietorship and use of the tiger stripes design as the plaintiff together with the Ministry was the first conceiver and first user of the said design, and thereafter, since 14 November 2005, had earned substantial goodwill and reputation over the design which was distinctive to the plaintiff and never of the defendant in any manner whatsoever. In allowing the plaintiff's claim, the High Court held that the defendant had invaded the plaintiff's intangible property right in its product by misappropriating the tiger stripes design which had become recognised by the

public as distinctive of the plaintiff; on the evidence, the public would only associate the tigers stripes design with the plaintiff.

[17] The High Court also found that the defendant's registered trade mark had been wrongly entered or entered without sufficient cause and as a result should be expunged pursuant to s 45(1)(a) of the Act. Consequently, the register of trademark was rectified by the removal of Trade Mark No 09011365 (class 18) and No 09011366 (class 25) registered in the name of the defendant.

DECISION OF THE COURT OF APPEAL

[18] On appeal by the defendant, the Court of Appeal unanimously agreed with the decision of the High Court and dismissed the defendant's appeal with costs. In dismissing the defendant's appeal, the Court of Appeal held that the defendant's registration of the tiger stripes design as its trade mark was wrongfully made without sufficient cause and wrongfully remained on the trademark register pursuant to s 45(1)(a) of the Act and that the application was filed in bad faith pursuant to s 46(1)(a) of the Act.

[19] The Court of Appeal found that the owner and first user of the tiger stripes design was the plaintiff and that the plaintiff had used the design as its trademark in the course of trade, in the broader sense. When the defendant supplied the sports attire bearing the tiger stripes design for the plaintiff, it had supplied them solely for the business of the plaintiff and none other. Accordingly, it was held that the High Court was correct in expunging the defendant's trademark from the register of trademark for the reason that the defendant was neither the proprietor nor the first user of the tiger stripes design. The defendant did not have a good title to the design and the registration thereof was without any legal basis.

THE QUESTION OF LAW ON APPEAL TO THE FEDERAL COURT

[20] This court had granted the defendant leave to appeal against the decision of the Court of Appeal relating to common law ownership right to the tiger stripes design as a trademark, and the principal question of law is:

> Whether a claim for common law ownership over an indicator as a trademark or source identifier could be answered by asking who designed or re-conceptualised the said indicator or source identifier; rather than by asking who was first in time to use said indicator or source identifier as a trademark in a trademark sense in the course of trade.

[21] The appeal to this court only relates to the plaintiff's application in the High Court to expunge the defendant's registered trademark. As can be seen, there are two parts to the question of law posed. First, whether a claim for common law ownership over an indicator as a trademark could be answered by asking who designed the said indicator. And secondly, whether a claim for common law ownership over an indicator as a trademark could be answered by asking who was first in time to use said indicator as a trademark in a trademark sense in the course of trade. The second part of the question is very factual; it clearly would depend on the facts of a particular case as to who was first in time to use said indicator or source identifier as a trademark in a trademark sense in the course of trade.

[22] It is noteworthy that, as stated by learned counsel for the defendant, the question posed in this appeal requires this court's determination on the requisites for common law ownership's entitlement to an identifier as a trademark and the nature and type of goodwill that must be attached to such goodwill and reputation for the enforcement of such common law trademark ownership against others by an action of traditional passing off. The question would therefore address the principle of common law proprietorship over a trademark for purposes of commencement of a passing off cause of action.

[23] The prayer asked for by the plaintiff in the High Court action, among others, was a relief based on its allegation of passing off of the traditional kind, which essentially was misrepresentation of sports attire of the defendant as and for the same of the plaintiff by the use of tiger stripes design. It has to be emphasised that the law of passing off governs the protection of common law or unregistered trademarks. The tort of passing off is a common law wrong. Passing off does not protect the use of a mark, name, get up or any other sign which is distinctive of a business, but the goodwill of the business that uses them. Goodwill accumulated through use is the property right that is protected (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540 and *The Commissioner of Inland Revenue v Muller & Co's Margarine Limited* [1901] AC 217). In *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, Gunn Chit Tuan CJ (Malaya) said:

> The principle of law regarding passing off has been plainly stated by Lord Parker in *AG Spalding & Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449 'and that is, that nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another. For an authority on passing off, we could do no better than to quote the words of Lord Diplock in the leading speech in *Erven Warnink v Townend & Sons (Hull) Ltd* (at p 742):
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> My Lords, *AG Spalding & Bros v AW Gamage Ltd* 84 LJ Ch 449 and the later cases make it possible to identify five characteristics which must be present in order to

create a valid cause of action for passing off: (1) a misrepresentation; (2) made by a trader in the course of trade; (3) to prospective customers of his or ultimate consumers of goods or services supplied by him; (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

[24] In our jurisdiction, if the proprietor of common law or unregistered trademark does not wish to file for registration under the Act, which he is entitled to, his common law right to the mark is nevertheless preserved by s 82(2) of the Act which provides ' … notwithstanding sub-s (1) nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect of thereof'.

[25] As we shall see later in this judgment, the determination of the question posed is crucial in the present appeal as it was the plaintiff's contention that the defendant had no such valid claim to registration under the Act of the tiger stripes design based on the plaintiff's ownership and use, and who initiated this rectification action as a result, to remove or expunge the same. The plaintiff claimed that the defendant's trade mark registration was entry which was wrongfully made without sufficient cause and/or was wrongfully remained on the trademark register and was filed in bad faith.

[26] Two provisions of the Act are relevant, which provide a good starting point. The first is s 45(1)(a), which prescribes, with the necessary emphasis, as follows:

(1) Subject to the provisions of this Act –

(a) The Court may on the application in the prescribed manner of any *person aggrieved* by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, *or by any error or defect in any entry in the Register*, make such order for making, expunging or varying such entry as it thinks fit.

And the second provision is s 46(1)(a) of the Act, which states, with the necessary emphasis, as follows:

(1) Subject to this section and to section 57, the Court may, on application by *a person aggrieved*, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:

(a) That the trade mark was registered *without an intention* in good faith, on the part of the applicant for registration or, if it was registered under

A subsection (1) of section 26, on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application.

B

[27] There was not much dispute that the plaintiff was a person aggrieved and therefore had sufficient locus standi to initiate this present cause of action against the defendant for rectification of the defendant's tiger stripes design C trademark. In fact, the point as to whether the plaintiff was a person aggrieved had been settled by this court in *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749 and *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661 (see also *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768; [2011] 9 CLJ 394 and *Godfrej Sara Lee Ltd v Siah Teong Teck & Anor (No 2)* [2007] 7 MLJ 164; [2008] 7 CLJ 24). D

[28] A person aggrieved is a person who has used his mark as a trademark or who has a genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark that the person wants to have removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation F in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful.

E

PROPRIETORSHIP OF TRADEMARK

[29] The more difficult question in this case is whether the defendant's tiger stripes designs trademark was in fact an entry which had been wrongly made or entered without sufficient cause in the register under s 45(1) of the Act. It was the contention of the plaintiff's learned counsel that the defendant's trademark registration was wrongly made or entered without sufficient cause in the H register based on any or all of the following facts: the defendant was never the creator or designer and was not the lawful common law proprietor of the tiger stripes design device and therefore had made a wrongful claim to be proprietor and had practised fraud on the trademark registrar. At all material times, the plaintiff was the common law proprietor of the tiger stripes design. The I plaintiff took the stand that on account that it was the common law owner of the tiger stripe trade design, which it said was similar to the defendant's registered trademark, the defendant's trademark should therefore be expunged under ss 45 and 46 of the Act.

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[30] The contending views of the defendant may be summarised as follows. The defendant was at all material times the common law owner of the tiger stripes design. Relying on the case of *Al Bassam Trade Mark* [1995] RPC 511, common law ownership to a trademark required the plaintiff to establish its entitlement to it, not by showing that it was the creator of the identifier of the tiger stripes design, but rather, by reason of its use as a trademark on goods in the course of its trade. The plaintiff's case, which was wrongly premised according to the defendant, was that by it having created the tiger stripes design and irrespective of its activities, it was automatically the common law owner of the tiger stripes design that it created as a trademark. The defendant did not dispute that the plaintiff was the creator and lawful owner of the tiger stripes design but the defendant contended it was the lawful holder of the tiger stripes design trademark on the ground that it was the first user of it as a trademark in the course of trade. The defendant was a common law owner of the design by reason of its first and extensive use of the same in respect of sports attire.

[31] The rival contentions of the parties bring into focus the provisions of s 25(1) of the Act, which provides that any person claiming to be the proprietor of a trademark used or proposed to be used by him may make application to the registrar for the registration of that mark in the register in the prescribed manner.

[32] The issue raised and argued by both sides turned upon this fundamental question: who can rightfully claim to be proprietor of a trademark under s 25(1) of the Act. The plaintiff was the creator of the tiger stripes design. That much was not in dispute. On this point, as submitted by learned counsel for the defendant, it was evident from the judgment of the High Court that it had also applied the copyright law concept and principle of there being expended skill effort and time in the creation of the disputed tiger stripes design to give to the plaintiff a common law right to title and ownership of the disputed identifier as a trademark for the purposes of sustaining a cause of action in passing off. It appears that in justifying its finding that the plaintiff was the common law and unregistered trademark owner of the disputed identifier of the tiger stripes design, the High Court relied upon and accepted the history surrounding the conceptualisation and creation of the tiger stripes design without bearing in mind that the dispute was one over the common law trademark ownership rights over the disputed identifier. It was further argued by learned counsel for the defendant that the High Court had been unwarily influenced by the act of creation and conceptualisation of the disputed tiger stripes design in its determination of common law rights and ownership of a trademark.

[33] In the present case, it is pertinent to note that the evidence surrounding the conceptualisation of the disputed tiger stripes design had been put forward initially by the plaintiff to support its contention that it was the copyright

owner (not trademark owner) of the said design. It must be remembered that copyright ownership claim had subsequently been dropped by the plaintiff in the High Court.

[34] We pause to observe at this point that conceptualisation of any works falling within such category of works protectable by copyright and subject to there being sufficient effort, skill and time having been expended in its conceptualisation, creation and reduction into material form is a statutory requirement under our Copyright Act 1987 (see *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 and *Radion Trading Sdn Bhd v Sin Besteam Equipment Sdn Bhd & Ors* [2010] 9 MLJ 648). It appears that the High Court had not properly considered and appreciated this and made no distinction between the legal requisites for copyright ownership and common law ownership of unregistered trademark.

[35] We note in this regard that the Court of Appeal in the instant case, whilst in agreement that the ownership of a trademark to qualify for registration 'is determined by first use which is a question to be determined by the court', further held there is a second element that must be met to satisfy 'first use' it being the need to show authorship of the mark as well when it said ' ... Thus, it is important to determine who in fact and in law is the rightful proprietor of the design, the entity that has the proprietary right to the design in the sense that it has the absolute right to it'.

[36] This part of the judgment of the Court of Appeal raised some vexing issues on the question as to what is the basis for trademark proprietorship. The Court of Appeal also made no such distinction between copyright ownership of the tiger stripes design and common law ownership of it as a trademark.

[37] We agree with the submissions of learned counsel for the defendant to this extent. Whilst the creator or designer of an indicator as a trademark or source identifier may well be the copyright owner or registered design owner, the person is not automatically the trade mark owner. He may enforce his copyright or industrial design right but not necessarily his trademark rights. There is a clear distinction between the creator of a mark and user of a mark. To put the point differently, common law proprietorship is not based on who first designed or created the trademark or source identifier in question. The common law ownership to a trademark requires the claimant establishing its entitlement to it not by showing that it is the creator of the identifier but rather, by reason of its use as a trademark on goods in the course of its trade.

[38] To be more specific, in the context of the present case, it is not the law that by it having created the tiger stripes design and irrespective of its activities, the plaintiff was automatically the common law owner it created as a

trademark. The fact that the plaintiff had created the said design did not of itself give it the right to the design as a trademark. It must be borne in mind that the assertion of who conceptualised the tiger stripes design was initially put forth with a view of supporting the plaintiff's contest for copyright ownership of the same. The plaintiff subsequently dropped its copyright ownership claim. This point has been made earlier but deserves to be reiterated. That aspect of intellectual property right is separate and distinct from common law ownership of the tiger stripes as a trademark, the latter of which is determined by first 'user' of the tiger stripes design in a distinctive way as a trademark in the course of trade.

[39] The law governing the foundation, which led to common law proprietorship over a trademark or source identifier, as we have summarised above, has been well settled. The case of *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [1997] 4 MLJ 360 reiterates the established legal position under common law that a first user of a mark is lawfully entitled to use the said mark. In the case of *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd*, the court held that in common law, the first person who uses a trademark becomes the proprietor of the mark. Abdul Malik Ishak J (as he then was) said the following:

> The basic common law principle is this: the first person who uses a trademark of an appropriate type within a country becomes the proprietor of the mark (*Re Registered Trade Mark 'Yanx' ex p Amalgamated Tobacco Corp Ltd* (1951) 82 CLR 199 at p 203; *Thunderbird Products Corp v Thunderbird Marine Products Pty Ltd* (1974) 131 CLR 592 at p 603; *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* (1984) 59 ALJR 77 at p 83). It is said that a person who becomes proprietor of a trademark in this way is entitled at common law to restrain a person who later commences to use the trademark.

[40] In the case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7, the Court of Appeal held that there was nothing unlawful under the Act for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark had not been used at all in Malaysia. Mahadev Shanker JCA said:

> Trade mark law is very territorial in many aspects. So, it will be useful to keep in the forefront of our minds that, however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using that mark in a foreign country, there is nothing unlawful under the Trade Marks Act 1976 for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark has not been used at all in Malaysia.

[41] In *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v Yong Sze Fun & Anor* [2006] 5 MLJ 262, Ramly Ali J (now FCJ) stated:

A It is trite law that the first to use a mark in Malaysia would prevail. Otherwise it would result in an anomaly in the law in the sense that the first and original user of a mark is defeated by subsequent user.

B **[42]** This principle is consistent with other jurisdictions. The principle of law was explained in the UK Court of Appeal decision in *Al Bassam Trade Mark* where the court affirmed the principle that proprietorship under common law is not defined by the trademark legislation but from first use. The provisions of the Act are broadly in pari materia with the UK legislation at the material time. Ward LJ held as follows:

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> Proprietorship is not defined in the Act. One looks to the common law for its definition. This has been settled by *Nicholson & Sons' Application* (1931) 48 RPC 227 and the judgment of Lawrence LJ at p 253 to which Morritt LJ has referred. Whether a mark was used upon or in connection with the applicant's goods, or whether it was not, is a matter of fact the finding of which cannot, in my judgment, be determined by the bona fides or lack of bona fides on the claimant's part of his belief that he is the proprietor.

D

Ward LJ further held as follows:

E

> That subsection seems to me to emphasise registration as proprietors, not as claimants to proprietorship. The rights that have to be determined by the courts are the rights of proprietorship. Proprietorship is determined by first use. It is not determined by deceptiveness which itself begs the question of proprietorship.

F **[43]** In a separate concurring judgment, Morritt LJ also emphasised that proprietorship of an unregistered trademark is determined by first use:

> Accordingly it is necessary to start with the common law principles applicable to questions of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark, which had been used in conjunction with goods, was he who first used it. Thus in *Nicholson & Sons Ltd's Application* (1931) 48 RPC 227 at p 253 Lawrence LJ said

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> > The cases to which I have referred (and there are others to the like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark.

H

> In my view, it is plain that the proprietor is he who satisfies the principles of the common law to which I have referred. Accordingly in the case of a used mark, as in this case, the owner or proprietor is he who first used it in relation to goods for the purpose indicated in the definition of trade mark contained in section 68 which I have already quoted. Ownership of the mark is a different concept to deceptiveness of the mark, the principles applicable to the two concepts are different and I do not see how one can determine whether there is likely to be confusion without first deciding who is the proprietor.

I

[44] The case of *Al Bassam Trade Mark* was followed by a Singapore case, that is, *'Dalic' Trade Mark; Sifco Industries Inc v Dalic SA* [1998] 2 SLR 231. It was held in that case, among others, that a trademark was not registrable unless the person claiming to be the proprietor had first used it in relation to goods or services in the course of trade.

[45] In *North Shore Toy Co Ltd v Charles L Stevenson Ltd* [1974] RPC 545, the Supreme Court of New Zealand held that a person may become the owner of a common law trademark by usage. On this, McMullin J said:

> I take as the starting point for the consideration of the submissions of the parties the proposition, accepted by both, that a person may become the proprietor of a trade mark by virtue of his use of it and that such a trade mark, called a common law trade mark, has survived the introduction of trade mark legislation in this country as it has in England. There seems to me to be nothing in the definition of a trade mark in section 2 of the Trade Marks Act 1953 or in the wording of the whole of the Act itself which would not permit of that view, and the cases under the comparative English legislation show that common law trade marks are recognised there. In *General Electric Co v General Electric Co Ltd* [1972] 1 WLR729; [1972] 2 All ER 507, Lord Diplock dealt at length with the history of trade marks in England both at common law and under statute and referred to the acquisition of property in a trade mark by use and its loss by disuse. Of the Trade Marks Act 1905 (UK) Neville J in *Re Kenrick and Jefferson Ltd's Application* [1909] 26 RPC 641 said:
>
> > It appears to me on the construction of the Act itself, that the effect of it is by no means to ignore the right of ownership of a trade mark, which has been acquired by user, although there is a prohibition against the recovery of damages, or the prevention of infringement prior to registration.

[46] Thus, the well-settled legal requisites necessary for the acquisition of common law trademark rights over an indicator and identifier for the commencement of any passing off cause of action has always been premised on a factual requirement for the distinctive use of the indicator or identifier in a trademark sense in the course of trade.

[47] So we would hold that he who first uses a trademark owns the said trademark under common law and that such common law ownership would in turn entitle him to file for trademark application as a bona fide applicant, pursuant to s 25(1) of the Act.

[48] The central question which we must then ask here is: Who was first in time to use the tiger stripes design as a trademark in the course of trade?

A FIRST AND PRIOR USER OF THE TIGER STRIPES DESIGN

[49] On this, the key issue to be determined by this court is whether the plaintiff had used the tiger stripes design as a trademark in the trademark sense and in the course of trade, at any time before the defendant's application for registration of the tiger stripes design on 9 July 2009.

[50] The question must be approached on the basis of the definition in s 3 of the Act, which provides that trademark means, except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI.

[51] The construction of the definition of a trademark contained in s 3 of the Act is a matter of importance in this case. The task of the court is to give full effect to the provisions, which the Legislature has enacted. The court must begin its task of interpretation by carefully considering the language used.

[52] The operative words are 'in the course of the trade'; the mark must be used in the course of trade to indicate that the goods bearing the same mark originate from the same source. These are undeniably very wide-ranging words. The term 'trade' is very wide. The word 'trade' used in the provision is not defined. In constructing and interpreting the meaning of a word used in the Act, the ordinary meaning of the work must be applied unless there is a clear ambiguity (see *Dupont Steels Ltd v Sirs* [1980] 1 WLR 142). We do not see anything ambiguous in the provision. The word in question therefore should be given its plain and ordinary meaning (see *Chin Choy & Ors v Collector of Stamp Duties* [1979] 1 MLJ 69 and *Calamas Sdn Bhd v Pentadbir Tanah Batang Padang* [2011] 5 CLJ 125). Its scope of meaning and application can be seen by referring to the *Concise Oxford Dictionary*, (9th Ed): Trade, is defined as, among others, business conducted for profit, business of a specified nature, a transaction with a person for a thing. In *Aristoc Ltd v Rysta Ltd* (1944) 62 RPC 65, Lord MacMillan in the course of his judgment said 'trade' is no doubt a wide word but its meaning must vary with and be controlled by its context.

[53] In asserting its position that the plaintiff was not first in time to use the tiger stripes design as a trademark in the course of trade,the main thrust of the arguments of defendant's learned counsel was grounded on the basis that the plaintiff was not a profit making organisation; hence the plaintiff was not an entity connected in the course of trade. He strenuously argued that both the High Court and the Court of Appeal were plainly wrong in having found that

the plaintiff had used the disputed tiger stripes design as a trademark in the course of trade in a distinctive way so as to have acquired goodwill in the tiger stripes design in the absence of any evidence that the plaintiff had at any material time used the disputed tiger stripes design as a source indicator in relation to goods despite there being no manufacturing and commercial sales of the goods of the disputed tiger stripes design in the conduct of the admitted activities of the plaintiff, which activities related to branding activities. He relied on the provisions of s 3 of the Act to support the argument that the mark must be used in the course of trade to connect the goods with that mark. He contended that the use in 'a trademark sense' can only be achieved through the manufacturing and sale of goods with the tiger stripes design embodied and goodwill can only be achieved through business activities such as 'manufacturing, supplying and selling' the sports attire it had produced.

[54] The position taken by the plaintiff was quite straightforward. Learned counsel put forward an argument as follows. As evidenced from the documentary exhibits, learned counsel for the plaintiff submitted that since 2005 the plaintiff had appointed manufacturers to supply sports attires bearing said design. It claimed to be the first user of the tiger stripes design. He added that the appointment of these manufacturers was an act in the course of trade.

[55] We now need to turn our attention to the judgment of the courts below, and look more closely at their findings on issues relating to the present appeal.

[56] On the question whether the plaintiff was first in time to use the tiger stripes design in the course of trade, the High Court answered it in the affirmative and made the following findings:

> The evidence shows that the Plaintiff developed the Tiger Stripes mark/design and appointed the Defendant as the contract manufacturing of garment/attire to be worn by the athletes. In this respect, the Plaintiff has submitted invoices, which show that the Plaintiff paid the Defendant for the manufacturing of the said mark. Before the appointment of the Defendant, the Plaintiff has established evidence that the garments/attire bearing the Tiger Stripes mark was manufactured by other supplier namely Antioni.
>
> The various invoices purchase orders with regards to the goods affixed with the Tiger Stripes Design in respect of supplies which the Plaintiff made though the contract suppliers including the Defendant shows, that the Tiger Stripes goods was used in the course of the trade.
>
> Thus, I am of the view that the Plaintiff has used the mark in the course of the trade. Even though, the garments/attires was given freely to be worn by the athletes and was not sold to the public.

[57] We also observe that the High Court held that the tiger stripes design was used by the plaintiff in a trademark sense to indicate origin of the sports attire worn by Malaysian athletes.

[58] The Court of Appeal upheld the findings of the High Court. Having carefully considered the facts of the case, the Court of Appeal expressed its conclusion that the plaintiff was the first user of the tiger stripes design in the course of trade in the following passage of its judgment:

> We are of the considered view that apart from being the owner of the Design, the Respondent was in fact and in law the first user of the Design since its creation in 2005. The Respondent was only appointed as a paid contract supplier in 2006 to produce garments carrying the Design for the Malaysian Contingent participating in the Asian Games in Doha.
>
> It can be said that the appointment of the Appellant was an act in the course of trade by the Respondent and in the process goodwill had been generated. The Respondent, as early as in 2005 had acquired goodwill and had this intention to use the Design as a mark in the course of trade, even if there was no evidence of any immediate use.
>
> We are of the view that the Appellant did not rank as the first user in point of time. As mentioned earlier it was the Respondent who had brought the Appellant into the business of supplying Sports Goods to the Respondent. But, some three years later, the Appellant had the audacity to file for registration of the Design as the proprietor on the basis that it was the first user of the Design.

[59] In deciding this issue, the point to note is that it was in evidence that upon the launch of the tiger stripes design in 2005, a manufacturer by the name of Antioni had been appointed by the plaintiff to produce and supply the sports attires bearing said design. From the irrefutable evidence, the defendant came into the picture only because of its appointment to produce and supply sports attire bearing the tiger stripes design to the plaintiff in 2006. The defendant first used the tiger stripes design as a supplier upon orders from the plaintiff. The point to be made here is that the defendant was appointed by the plaintiff to manufacture sports attire carrying the tiger stripes design with the first invoice issued on 11 December 2006 by the defendant all of which was paid by the plaintiff for the Asian Games in Doha.

[60] It is against the above background, the business transaction between the plaintiff and the defendant must be looked at. Bearing these matters in mind and so considered, it is plain for us to see that the defendant was no more than a contract manufacturer who affixed the tiger stripes design to the sports attire made to the plaintiff's order.

[61] In *Trade Mark Licensing* by Neil J Wilkof and Daniel Burkitt – (2nd Ed), the learned authors at p 156 referred to situations of goods made to order

as follows:

> Goods Made to Order
>
> Where goods are made to the distributor's order and specification, this may indicate that the manufacturer is no more than a contract manufacturer who applies the mark to the goods and that goodwill in the mark properly belongs to the distributor.

The learned authors also stated at p 166 as follows:

> The contract manufacturer is hardly a new phenomenon. By the turn of the last century, goods were commonly being made to order for sale under the trade mark or name of a party other than the manufacturer.

Further at pp 167–168, the learned authors explained the scope of contract manufacturing arrangement:

> Scope of Contract Manufacturing
>
> The diversity of contract manufacturing can be seen by considering the following situations. The development of modern mass retailing has witnessed the rise of the house mark on goods manufactured by third parties. Indeed, the trade mark proprietor may not be involved in the manufacture of the goods at all: all of its goods may be manufactured for it by third party manufacturers. Here, the trade mark comes to be identified with a certain level of quality for a variety of goods emanating from a single retail source, despite the fact that the goods are made by outside manufacturers.
>
> It is also possible that goods made by the same manufacturer will be sold under several trademarks, each of which is owned by a different proprietor. As has been observed, 'western consumers do not care where the insides of their latest gadget are made as long as there is a nice familiar name, like IBM, on the case.
>
> The contract manufacturer may well be located in a foreign country. Indeed, the international dimension of contract manufacturing has become the norm for certain industries. As a result contract manufacturing has become a frequently encountered relationship in which one party manufactures goods for another'.

[62] On the issue of the contract manufacturer's rights with respect to the trademark, the learned authors added:

> The contract manufacturer does not act as a licensee of the mark. It is not engaged in the trading of the goods in such a way that a connection is created by the mark between the contract manufacturer and the goods. The contract manufacturer's relationship with the goods is limited to their manufacture. Thus, under the 1938 Trade Marks Act, no connection in the course of trade warranting the registration of the contract manufacturer as a registered user was created.

[63] In the result, therefore, the plaintiff was in fact and in law the first user of the tiger stripes design. At all material times, the contractual position of the defendant was that of a supplier to the plaintiff through the defendant's appointment to manufacture and produce the tiger stripes design trademark

over sports attire ordered by the plaintiff. As a matter of fact, the plaintiff was directly involved in business activity for commercialisation of the tiger stripes design through its contract suppliers.

[64] There is no doubt that the defendant's 'first use' of the tiger stripes design arose from appointment as a contract supplier of goods bearing the same design to be worn by all Malaysian athletes for the Asian Games in 2006. By that we mean, as things stood, while the defendant might have manufactured the goods, and therefore it could very loosely be said that the goods 'originated' from them, this does not by any stretch of the imagination, to equate with bestowing the right as proprietor of the mark on to the defendant. It is important to note the last point because bearing in mind that the defendant was only appointed as a contract supplier for the plaintiff, the defendant could not claim proprietorship of the tiger stripes design.

[65] More significantly, it is self-evident and it stands to reason that the plaintiff had used the tiger stripes design 'in the course of trade' when it appointed Antioni and later the defendant as a contract supplier of the goods bearing the tiger stripes design.

[66] The plain and natural interpretation of the phrase 'in the course of trade' does not bear out the proposition advanced by learned counsel for the defendant that the use in 'a trademark sense' can only be achieved through the manufacturing and sale of sports attire with the tiger stripes design embodied and goodwill can only be achieved through such business activities. We are quite unable to agree with his contention. From a perusal of the provisions of s 3 of the Act, we can find not a word in it to support the restrictive interpretation of learned counsel. An implication of learned counsel's contention, as pointed out by the Court of Appeal in the present case, and we respectfully agree, would mean disregarding other forms of use in the course of trade such as obtaining sponsorships, granting merchandising rights and other licensing rights over the use of the tiger stripes design. With respect, we would be wrong if we were to hold so.

[67] In its activities, the plaintiff had used the tiger stripes design since 2005. Both the High Court as well as the Court of Appeal found that the use of the design was intended to be used by the plaintiff to indicate the origin of the sports attire supplied by the plaintiff to Malaysian athletes. We see no reason to doubt these concurrent findings of the courts below; we accept these findings. The plaintiff had used the tiger stripes design as an indicative of the origin of the sports attire.

[68] This is consistent with the definition of 'trademark' provided in s 3 of the Act. Trademark indicates source origin of goods to distinguish such goods

from the like goods of others. Trademarks are always taken as indicative of the origin of the goods. The fundamental of a trademark has always been it is a badge of origin and indicator of source origin (see *Irving's Yeast Vite v Horsenail* (1934) 51 RPC 110 and *Unidoor Ltd v Marks & Spencer PLC* [1988] RPC 275). It indicates trade source as stated by Lord Nicholls on behalf of the House of Lords in the case of *R v Johnstone* [2003] 3 All ER 884, UKHL as follows:

> The message conveyed by a trade mark has developed over the years, with changing patterns in the conduct of business. But the essence of a trade mark has always been that it is a badge of origin. It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark. That is its function. Hence the exclusive rights granted to the proprietor of a registered trade mark are limited to use of a mark likely to be taken as an indication of trade origin. Use of this character is an essential prerequisite to infringement. Use of a mark in a manner not indicative of trade origin of goods or services does not encroach upon the proprietor's monopoly rights.

[69] Undeniably, the plaintiff is a non-trading entity. The plaintiff is not, in the normal sense, a trader. The plaintiff was created by Act 29 and is entrusted with various functions and duties thereunder. However, the plaintiff being a sports organisation with the statutory duties under s 4(1)(d) of Act 29 to promote sports locally and internationally, as well as to participate in the development of sports in Malaysia was fully empowered and entitled pursuant to s 4(2)(g) of Act 29 to acquire, hold and enjoy movable and immovable assets and properties of every description including those over the trademarks namely of the tiger stripes design and to further deal with such rights including to deal with or to develop such rights belonging to the plaintiff. Flowing from the provisions, we should add that the plaintiff was also empowered and entitled to enter into any contract including any or all such contracts for commercialisation of the tiger stripes design as well as deal with it by way of appointment and engaging contractors, including the defendant, for the manufacture and supply of all such goods using the tiger stripes design under contract.

[70] The result is that pursuant to the above provisions, the plaintiff was duly and fully empowered to enter into any equity participation for the benefit of development of sporting enterprises, including the activity of commercialisation of the tiger stripes design for purposes of raising much needed sports development funds through receipt of funds from endorsements, sponsorships and other sports branding and commercialisation efforts in Malaysia.

[71] It is plain from the reading of the relevant provisions of Act 29 that the plaintiff was authorised to engage in commercial business that was incidental to

its primary statutory objects; the plaintiff need not be a 'trading entity' before it can be said that the plaintiff had used the tiger stripes design 'in the course of trade'.

[72] The unreported case of *St John Ambulans Malaysia v PJ Uniform Sdn Bhd* [2014], which was brought to our attention by learned counsel for the plaintiff is illustrative of the approach the court takes on this issue. There, the plaintiff, which was not at all material times engaged in commercial business, was recognised as a non-profit charitable statutory body regulated by the St John Ambulans (Malaysia) Incorporation Act 1972 akin to the plaintiff's organisational status as a non-profit sports governing body established and empowered under Act 29. On the issue of whether St John Ambulans was an entity connected 'in the course of trade', the High Court correctly held:

> I am hence of the view that the meaning of course of trade should be liberally interpreted to encompass the provision of any form of services rendered including that by non-commercial business or undertakings. Otherwise it is inexplicable as to why and how other emblems, logos or marks of charitable and/or non-profit making organisations such as the World Wildlife Fund and even the Bar Council Malaysia have been registered as trade marks.

[73] In the same way, it is quite clear that the plaintiff needed not be a 'trading entity' before it could be said that it had used the tiger stripes design 'in the course of trade'.

[74] This leaves us to consider one final point. We have stated earlier that passing off does not protect the use of a mark, name, get up or any other sign which is distinctive of a business, but the goodwill of the business that uses them. It is settled law that goodwill is an essential element of the tort. In the absence of any goodwill, a plaintiff has no cause of action. Goodwill comes in various forms, depending on the nature of the activities. Whether or not there is goodwill attached to a product in a particular case is a question of fact to be determined by the court. The degree or amount of goodwill will depend on the facts and circumstances of the case and the evidence adduced at trial.

[75] As held by the Court of Appeal, the plaintiff had established goodwill and reputation through sports promotional and advancement activities in the purchase and distribution of the sports goods bearing the tiger stripes design to Malaysian athletes when worn during domestic, regional or international sporting competitions. The plaintiff by using the tiger stripes design in the course of trade owned the goodwill generated thereby in relation to it.

[76] In this regard, it has to be noted that goodwill has been liberally construed to include non-commercial business or undertakings. It is seen from the case of *British Diabetic Association v Diabetic Society Ltd and Ors* [1995] 4

All ER 812 that the notion of trade in passing off action is given a wide context and that included activity of charitable organisations. This case elucidates the wide scope of a passing off action and element of goodwill. In the words of Walker J:

> Although the essentials of passing off may be formulated in terms that require both parties to a passing off action to be traders, it is clear from the authorities that here the concept of trade is much wider than in (for instance) a tax context. Trade and professional associations have frequently succeeded in passing off actions, as have the British Legion and Dr Barnado's Homes in actions against commercial organisations. The authorities are conveniently surveyed in *Wadlow, Law of Passing-Off* (2nd Ed) pp 55–61. The author then continues (at p 61).
>
> More difficult questions arise as to whether a charity, trading or not, can maintain a passing-off action against another charity or against any other defendant who cannot properly be called a trader. In Australia, the Court of Appeal of New South Wales has stated: 'We see no reason why an element essentially indistinguishable from commercial goodwill should not be attributed to a charitable organization and be equally entitled to protection from the law'.

[77] There follows a passage in the judgment of Walker J, which we accept as a correct statement of law:

> I conclude, therefore, that the scope of a passing off action is wide enough to include deception of the public by one fund-raising charity in a way that tends to appropriate and so damage another fund-raising charity's goodwill-that is the other charity's 'attractive force'.

[78] In all the circumstances, we reach the conclusion that as early as in 2005 the plaintiff had acquired goodwill and had this intention to use the design as a mark in the course of trade, even if there was no evidence of any immediate use.

[79] Therefore, at all material times, the use of the design as a mark by the plaintiff was not merely to 'evoke amongst Malaysians a feeling of trust, reliability, loyalty and recognition for the work, activities and objectives' of the plaintiff and the Ministry as contended by the defendant. On the factual matrix of the case, the plaintiff had enjoyed goodwill and reputation in the sports attire bearing the design even before the defendant applied for registration.

CONCLUSION

[80] In consequence, our answer to the first part of the question posed is in the negative and the second part in the affirmative in favour of the plaintiff. This appeal must therefore fail. We accordingly dismiss it with costs.

Appeal dismissed with costs.

Reported by Ashok Kumar